4. Director General,
Indian Sugar Mills Association 'C' Block,
2nd Floor, Ansa! Plaza, A.K. Road,
Andrews Ganj, New Delhi-110049

CONFIDENTIALITY:-

All business arrangements undertaken under the terms and conditions of the Memorandum of Understanding will be strictly confidential.

SIGNED ON THIS FOURTH DAY OF AUGUST 2005 AT SHASTRI BHAVAN, NEW DELHI

| FOR BUYERS | FOR SELLERS |
|---|---|
| (DR. N.G. KANNAN) | (SMT. RAJSHREE PATHY) |
| Director (Marketing) | President, |
| Indian Oil Corporation Limited | Indian Sugar Mills Association |

**Availability of gas reserves in KG basin**

705. SHRI LALIT SURI: Will the Minister of PETROLEUM AND NATURAL be pleased to state:

(a) whether the Gujarat State Petroleum Corporation has recently discovered reserves of natural gas in Krishna-Godavari basin in Andhra Pradesh;

(b) if so, the quantum of gas likely to be available from these reserves annually for commercial use in the country when actual production starts; and

(c) the period for which these reserves are likely to last?

THE MINISTER OF PETROLEUM AND NATURAL GAS (SHRI MANI SHANKAR AIYAR): (a) and (b) Yes, Sir, M/s Gujarat State Petroleum Corporation Ltd. has made a gas discovery in the offshore block KG-OSN-2001/2 on the East coast. In terms of the Production Sharing Contract,

the operator has taken up appraisal of the discovery for establishing commercially.

Gas production from the discovery will depend on its commercially & subsequent development plan.

(c) The longevity of reserves can not be estimated prior to completion of the appraisal.

**Black-Marketing of LPG Cylinders**

706. SHRI S.S. AHLUWALIA: Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether it is a fact that consumers across the country suffered in the recent past from acute scarcity of LPG refills leading to its black-marketing in various parts;

(b) the reasons for the scarcity, including month-wise details of demand and supply since January, 2004;

(c) the action taken, if any against LPG supply and distribution agencies against whom complaints of misappropriation or misuse have been lodged/ detected;

(d) whether it is fact that scarcity in LPG supply of this magnitude re-surfaced on this occasion for the first time in the last seven years; and

(e) the steps contemplated, if any, by Government to prevent its recurrence?

THE MINISTER OF PETROLEUM AND NATURAL GAS (SHRI MANI SHANKAR AIYAR): (a), (d) and (e) Demand for LPG in the country is met by a combination of domestic production and imports. Atemporary shortage of LPG emerged in September 2005 when Reliance Industries Ltd. (RIL), the single largest domestic supplier of LPG, announced a shut down of their Fluidized Catalytic Cracker (FCC) unit at Jamnagar for maintenance work with effect from October 2005, at just about the time global LPG supplies became tight, domestic production was affected by the fire at Mumbai High and partly on account of the impact of Hurricane Katrina on US refineries. This upset the plans made by our Oil Marketing Companies (OMCs) to effect imports in time to offset the anticipated shortage in supplies on account of the RIL shut down.